



FINANCIAL SERVICES COMMITTEE DEMOCRATS: THE MEGABANK ACCOUNTABILITY AND CONSEQUENCES ACT

Running a federally-chartered or federally-insured bank is a privilege, not a right. When megabanks repeatedly exhibit indifference toward consumer protection and demonstrate that they are incapable of complying or unwilling to comply with U.S. laws and regulations, they should be promptly shut down. To date, the federal prudential banking regulators (The Office of the Comptroller of the Currency, The Federal Deposit Insurance Corporation, and the Federal Reserve Board) have neglected to fully exercise their authorities to shut down such a megabank and hold culpable executives and board directors individually accountable.

To that end, **Congresswoman Maxine Waters (D-CA)**, Ranking Member of the Committee on Financial Services, is introducing the [Megabank Accountability and Consequences Act](#) to require the federal prudential banking regulators to fully utilize existing authorities—such as the ability to shut down a megabank and ban culpable executives and directors from working at another bank—to stop megabanks that clearly and repeatedly engage in practices that harm consumers. The bill also clarifies and enhances the enforcement tool kit to ensure that megabanks and their executives will be held accountable for repeatedly breaking the law and harming consumers. Below is a brief title-by-title summary of the bill:

TITLE I – Immediate Review and Wind Down of any Recidivist Megabank that Harms Consumers

- Federal prudential banking regulators have 90 days to review megabanks (defined as global systemically important banks) they supervise that operate in the U.S. to see if they have engaged in a pattern of repeated law violations that harmed consumers, as defined by the Act.
- For any megabank determined to have any such violations, the federal prudential banking regulators must, within 120 days of enactment, initiate proceedings available through existing authorities to wind down the bank and bar responsible executives from working at another bank.
- This process is subject to judicial review, and the federal prudential regulators must testify before Congress to discuss their findings.

TITLE II – Ongoing Review and Severe Penalties for any Recidivist Megabank that Harms Consumers

- The Consumer Financial Protection Bureau must issue regulations to further define what constitutes a pattern or practice of violations of federal consumer protection laws by megabanks going forward that warrant severe penalties, such as restricting certain lines of the bank's business, removing and banning culpable executives from working at another bank, or winding down the bank.
- Federal prudential banking regulators must regularly review megabanks under their supervision, in consultation with the Consumer Bureau, and enforce severe penalties on any megabank that engages in a pattern or practice of violations of consumer protection laws.
- The Consumer Bureau, state, and local government agencies may identify megabanks that engage in a pattern or practice of violations of federal consumer protection laws, and petition the federal prudential banking regulators to take action. A public hearing, if requested, must be held and the Federal prudential banking regulators will report and testify annually to discuss their reviews and enforcement actions taken.

TITLE III – Deterrence and Enhanced Accountability for Megabank Executives to Protect Consumers

- Executives and directors of all megabanks will be required to annually provide a written attestation that they have reviewed the bank’s lines of business and that the megabank is in substantial compliance with all applicable federal consumer protection laws. Such an attestation, as suggested by SIGTARP, will help curb the “insulated CEO” escape individual accountability for breaking the law and harming consumers.
- Megabank executives and directors will be subject to enhanced civil and criminal liability for knowingly violating federal consumer protection laws.

TITLE IV – Reports

- Requires various annual reports to promote transparency and accountability regarding Federal regulators’ enforcement actions with respect to megabanks and their executives and directors.

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